

Briefing
National Energy Policy
Friday, August 14, 2020

Fall, 2020

Oil and Gas Round Table Planning Underway

Locked down dates for ~~October 20-24~~. November 17-18.

IOGCC and GWPC will co-sponsor.

NEAT (National Energy Advisory Team)

Next Meeting, Monday, August 16 at 2:00 pm CDT

Getting this group back together, plan to meet every other week. Plan to combine this group with the monthly Energy POC and rename the consolidated group as the National Energy Advisory Team (NEAT).

OOOOa

Administrator Wheeler Announced Roll-out

August 13, OOOOa signed and announced in Philadelphia, PA

Coal

EIA Quarterly Production Report

2Q-2020 coal production was 112.3 million tons, down 24.7% from the 1Q-2020, and down 37.6% from the 2Q-2019.

S&P Global Market Intelligence reports a 13.3% decrease in employment from the prior quarter, and 23.1% decrease from 2Q-2019.

Electrical Generation

Natural Gas is Leading Fuel Source

August 12, EIA reports more power generation came from natural gas in first half of 2020 than first half of 2019. Natural gas-fired generation in the Lower 48 states increased nearly 55,000 gigawatthours (GWh), or 9%, in the first half of 2020 compared with the first half of 2019.

Natural gas was the fastest-growing source of electric power generation. The increase in natural gas-fired generation was the result of recent low prices and natural gas-fired power capacity additions, despite a 5% decline in total electricity generation. Natural gas-fired generation from electric power plants reached record-high levels on July 28 as summertime heat began reaching its seasonal peak.

Acquisitions

Southwestern Energy buying Montage Resources

The first public gas-focused consolidation this cycle comes as a take-under transaction that values Montage at \$5.67/share. This is an all stock deal.

Pipelines

NC DEQ denies permit for MVP Southgate natural gas pipeline

This is the second time DEQ has denied 401 permit under the terms of [[HYPERLINK "https://www.epa.gov/cwa-401/clean-water-act-section-401-state-certification-water-quality"](https://www.epa.gov/cwa-401/clean-water-act-section-401-state-certification-water-quality) \t "_blank"] [[HYPERLINK "https://gcc01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fpulse.ncpolicywatch.org%2F2019%2F06%2F13%2Fdeq-denies-water-quality-permit-for-mvp-southgate-natural-gas-pipeline%2F&data=02%7C01%7CMcQueen.Ken%40epa.gov%7C89a25ad8645146dd934208d840694288%7C88b378b367484867acf976aacbeca6a7%7C0%7C0%7C637330168131603522&sdata=kgF4hwqT3LKWfEDdb%2FLixOnHj6NAX8HTP%2BpPvPWVoL0%3D&reserved=0"](https://gcc01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fpulse.ncpolicywatch.org%2F2019%2F06%2F13%2Fdeq-denies-water-quality-permit-for-mvp-southgate-natural-gas-pipeline%2F&data=02%7C01%7CMcQueen.Ken%40epa.gov%7C89a25ad8645146dd934208d840694288%7C88b378b367484867acf976aacbeca6a7%7C0%7C0%7C637330168131603522&sdata=kgF4hwqT3LKWfEDdb%2FLixOnHj6NAX8HTP%2BpPvPWVoL0%3D&reserved=0) \t "_blank"] the project application because of not receiving requested information.

DEQ commented that “due to uncertainty surrounding the completion of the Mountain Valley Pipeline Mainline project,” it has determined that “work on the Southgate extension could lead to unnecessary water quality impacts and disturbance of the environment in North Carolina.”

MVP Southgate is an extension of the main Mountain Valley Pipeline project, which runs for 303 miles from northern West Virginia to southern Virginia. That project is under construction, its costs have ballooned to \$6.2 billion. [[HYPERLINK "https://gcc01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.mvpsouthgate.com%2F&data=02%7C01%7CMcQueen.Ken%40epa.gov%7C89a25ad8645146dd934208d840694288%7C88b378b367484867acf976aacbeca6a7%7C0%7C0%7C637330168131573542&sdata=%2BRNzoVgfFpqMJPzLzceKeP17YIMisv3vWUb25xfues%3D&reserved=0"](https://gcc01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.mvpsouthgate.com%2F&data=02%7C01%7CMcQueen.Ken%40epa.gov%7C89a25ad8645146dd934208d840694288%7C88b378b367484867acf976aacbeca6a7%7C0%7C0%7C637330168131573542&sdata=%2BRNzoVgfFpqMJPzLzceKeP17YIMisv3vWUb25xfues%3D&reserved=0) \t "_blank"] would run from Chatham, Va., to Graham, VA. Construction costs are roughly \$470 million.

Worldwide Oil Supply

IEA International Energy Agency

Global oil supply rose by 2.5 mb/d to 90 mb/d in July after Saudi Arabia ended its voluntary 1 mb/d cut. Global supply set to fall by 7.1 mb/d in 2020 and rise by 1.6 mb/d next year. Global oil demand is expected to be 91.9 mb/d in 2020, down 8.1 mb/d y-o-y.

LNG

Cameron LNG Reaches Full Commercial Operations

The third liquefaction Train of phase 1 begins commercial operations in Hackberry, LA, has begun full commercial operations. Cameron LNG achieved commercial operations of Train 1 and Train 2 in August 2019 and February 2020, respectively. To date, the facility has shipped nearly 100 cargoes totaling more than 6 million tonnes of liquefied natural gas (LNG).

US Rig Count

From Baker Hughes as of August 14, 2020

244 this week

247 last week

691 one year ago (-74% decrease)

TX 100 (41% of total)

CO 5, OK 11, ND 11, NM 45, PN 20, LA 31

117 in Permian Basin (48% of total)

May-2020 released July 31st

EIA Oil Production

US was 10.001 million BOPD, down 21.9% from all-time high 12.813 million BOPD in Dec-2019.

TX was 4.395 million BOPD, down 19.1% from all-time high 5.437 million BOPD in Mar-2020.

NM was 0.885 million BOPD, down 20.3% from all-time high 1.111 million BOPD in Mar-2020.

ND was 0.862 million BOPD, down 43.2% from all-time high 1.519 million BOPD in Nov-2019.

CO was 0.471 million BOPD, down 16.3% from all-time high 0.563 million BOPD in Nov-2019.

AK was 0.404 million BOPD, down 16.5% from all-time high 0.484 million BOPD in Nov-2019.

CA was 0.392 million BOPD, on a continuous decline.

OK was 0.363 million BOPD, down 39.9% from all-time high 0.604 million BOPD in Sep-2019.

Region 6 produced 73.4% of total US oil production in May-2020.

With this May data, NM moves to No. 2 and CO moves to No. 4 largest oil producing state.

Oil Price on 8/14/2020 @ noon CDT

WTI (Sep) trading at \$41.85/Bbl.

WTI has generally been trading between \$39.00-\$42.00 over last several weeks.

Week of 8/7, reported 8/13

EIA Gas Storage Report

3,332 BCF, up from 3,274 BCF previous week, 2,724 BCF one year ago

Five-year average is 2,889 BCF for this week.

2018 and 2019 max fill was about 4,000 BCF, so we're about 83% full.